[28th January 1931

Appendix V.

[Vide answer to questions Nos. 163 and 164 asked by Mr. Sami Venkatachalam Chetti and Mr. V. P. Narayanan Nambiyar respectively at the meeting of the Legislative Council held on the 28th January 1931, pages 342 and 346 supra.]

Copy of Memorandum No. 11034 *E*/30-7, *dated* 11*th December* 1930, *of the Public Works and Labour Department.*

[Salem and Erode Electric Licence—Reference Correspondence ending with (1) Letter from the Chairman, Municipal Council, Erode, R.C. No. 1204-C-30, dated 16th November 1930, and (2) Letter from the Chairman, Municipal Council, Salem, No. 109-C-2/30, dated 1st September 1930.]

Messrs. Octavious Steel & Co., Limited, Calcutta, applied in 1929 for a licence under Indian Electricity Act, 1910, for the supply of electric energy in Salem and Erode towns. The Municipal Council, Salem, at first agreed to the grant of the licence to the company but subsequently requested that the licence might be given to the Council itself and made a formal application under the Act in August 1930. The Municipal Council, Erode, protested against the grant of the licence to Messrs. Octavius Steel & Co., and formally applied for the licence in November 1929. The Government have given the question their careful consideration and have decided to grant the licence to Messrs. Octavius Steel & Co., the original applicants and have offered a draft licence for their acceptance.

2. The Pykara Hydro-Electric Scheme has been undertaken by the Government at a cost of over Rs. $1\frac{1}{4}$ crores, and is expected to be completed by the end of 1932. The towns of Salem and Erode are important places within the area to be served by the Pykara system. In order to have a market in that area ready to take power from the Pykara Project when it begins to operate, the Government approved in April last a scheme under which electric power will be purchased at Mettur from the Mysore Government until the Pykara power becomes available and have concluded an agreement with the Mysore Darbar for the purchase of a power at an early date. This scheme is estimated to cost Rs. $5\frac{1}{2}$ lakhs and it is essential that the arrangements for distribution should be made rapidly. The success of the main scheme is thus in a measure dependent on the present Mettur Scheme, and the Government in finding the capital required are bound in justice to the tax-payer to see that the distributing agencies are as efficient as possible in order that the largest market available may be secured for the Pykara Scheme and that the expected revenue is realized. They consider that this result will best be achieved by placing the distribution in the hands of a company experienced in electrical undertakings whose interest it will be to get the work done in the shortest possible time and to push the sale of electricity as much as possible, and who are able to arrange for the financing of the undertaking without delay and without further expenditure to Government. The two municipal councils could not finance the scheme without borrowing the money, and would necessarily take longer to carry out the works required.

A. G. Leach,
Secretary to Government.

To the Chairman, Municipal Council, Erode.
,, Chairman, Municipal Council, Salem.

Copy to the Chief Engineer (Hydro-Electric Development).